UNITED STATES PATENT AND TRADEMARK OFFICE

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UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE PATENT TRIAL AND APPEAL BOARD

Ex parte SCOT D. WILCE, VINCENT A. GEORGE,
HIEN Q. NGUYEN, DONNA L. CONTI,
PATRICK E. HARRIS and DONNA M. MANSFIELD

Appeal 2016-007324
Application 09/916,881
Technology Center 3600

Before LINDA E. HORNER, STEVEN D.A. McCARTHY and
NATHAN A. ENGELS, *Administrative Patent Judges*.

McCARTHY, Administrative Patent Judge.

DECISION ON APPEAL

1   STATEMENT OF THE CASE

2   The Appellants[1] appeal under 35 U.S.C. § 134(a) from the Examiner's

3   decision rejecting claims 1–13, 15, 16, 18 and 37–45 under 35 U.S.C. § 101

4   as being directed to ineligible subject matter. Claims 14, 17 and 19–36 are

5   cancelled. We have jurisdiction under 35 U.S.C. § 6(b).

6   On October 21, 2008, a panel of the Board of Patent Appeals and

7   Interferences mailed a "Decision on Appeal" ("Prior Board Decision")

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[1]   The Appellants identify the real party in interest as Goldman, Sachs &
Co.

1   reversing the rejection of then-pending claims 42–45 under pre-AIA 35

2   U.S.C. § 102(e) as being anticipated by Axelrad (US 2002/0188539 A1,

3   publ. Dec. 12, 2002); then-pending claims 1–3, 5–11 and 15 under pre-AIA

4   35 U.S.C. § 103(a) as being unpatentable over Axelrad; then-pending claims

5   16, 18 and 37–41 under § 103(a) as being unpatentable over Reid (US

6   2002/0178120 A1, publ. Nov. 28, 2002); and then-pending claims 4, 12 and

7   13 under § 103(a) as being unpatentable over Axelrad and Wohlstadter (US

8   2002/0198833 A1, publ. Dec. 26, 2002). Prosecution was re-opened;

9   independent claims 1, 16, 42 and 45 were amended on multiple occasions;

10   and, in the process, all rejections entered by the Examiner under § 103(a)

11   were overcome. Nevertheless, on February 12, 2015, the Examiner mailed a

12   Final Office Action ("Final Act.") rejecting claims 1–13, 15, 16, 18 and 37–

13   45 under 35 U.S.C. § 101 as being directed to ineligible subject matter. The

14   Appellants appeal from this final rejection.

15   We AFFIRM.

16

17   THE CLAIMED SUBJECT MATTER

18   The claims on appeal relate to facilitating definition of a transaction

19   agreement between a party and a counter-party via an agreement modeling

20   system. (Spec. 2, ll. 21–23). Claims 1, 16, 42 and 45 are independent.

21   Claim 1 is illustrative:

22   1.   A processor-implemented method for facilitating
23   definition of a transaction agreement associated with a plurality
24   of different product types, comprising:

25   receiving information regarding a proposed transaction
26   agreement between a party and a counter-party;

27   access data included in a covered products matrix
28   associated with the proposed transaction agreement, wherein the

1 covered product matrix identifies at least one product type and at
2 least one financial transaction instrument associated with the
3 proposed transaction agreement, and additional party-counter
4 party information;

5   determining via a processor an agreement type based at
6 least on characteristics of the identified product type and the
7 financial transaction instrument in the covered product matrix;

8   determining, in accordance with the agreement type, an
9 agreement term between the party and the counter-party; and

10   generating a transaction agreement document based on the
11 determined agreement type and the determined agreement term.

12

13   DISCUSSION

14 The grouping of claims in an appeal follows from the arguments

15 presented by the Appellants. *See* 37 C.F.R. § 41.37(c)(1)(iv). Here, the

16 Appellants present arguments directed generally toward the patentability of

17 all of the appealed claims (*see* Appeal Brief, dated November 12, 2015

18 ("App. Br."), at 10–19), as well as arguments specifically addressing the

19 patentability of claims 9–12 and 15 (*see id.* at 19–24). Therefore, we will

20 address claim 1 as representative; and claims 1–8, 13, 16, 18 and 37–45

21 stand or fall with claim 1. We will address claims 9–12 and 15 separately.

22 Under 35 U.S.C. § 101, "[w]hoever invents or discovers any new and

23 useful process, machine, manufacture, or composition of matter, or any new

24 and useful improvement thereof, [to] obtain a patent therefor."

25 Nevertheless, the courts have recognized three exceptions to this general

26 rule, excluding from patentability laws of nature, physical phenomena and

27 abstract ideas. *See Bilski v. Kappos*, 561 U.S. 593, 601 (2010). The

28 Examiner correctly concludes that claims 1–13, 15, 16, 18 and 37–45 fall

29 within the "abstract idea" exception.

1   A two-step analysis is used to determine whether the subject matter of

2   a claim falls within one of the exceptions to patent eligibility. First, one

3   must determine whether the claim is "directed to one of [the] patent-

4   ineligible concepts." *Alice Corp. Pty. Ltd. v. CLS Bank Int'l*, 134 S.Ct.

5   2347, 2355 (2014). Second, if so, one must determine if the remainder of

6   the claim recites an "inventive concept," such that the claim as a whole

7   recites a specific application of the patent-ineligible concept. *Id.* at 2357–

8   58.

9

10   *Claim 1*

11   The first step in the analysis of claim 1 is whether claim 1 is directed

12   to an abstract idea. The Examiner persuasively analogizes the method

13   recited in claim 1 to that deemed abstract in *buySAFE, Inc. v. Google, Inc.*,

14   765 F.3d 1350 (Fed. Cir. 2014). (*See* Examiner's Answer, mailed May 19,

15   2016, at 6).

16   To quote our reviewing court, "[t]he relevant Supreme Court cases are

17   those which find an abstract idea in certain arrangements involving

18   contractual relations, which are intangible entities." *buySAFE* at 1353. In

19   *buySAFE*, the court addressed the eligibility of a claim directed to

20   transaction performance guaranty services:

21   1.   A method, comprising:

22   receiving, by at least one computer application program running
23   on a computer of a safe transaction service provider, a request
24   from a first party for obtaining a transaction performance
25   guaranty service with respect to an online commercial
26   transaction following closing of the online commercial
27   transaction;

1   processing, by at least one computer application program
2   running on the safe transaction service provider computer, the
3   request by underwriting the first party in order to provide the
4   transaction performance guaranty service to the first party,

5   wherein the computer of the safe transaction service provider
6   offers, via a computer network, the transaction performance
7   guaranty service that binds a transaction performance guaranty
8   to the online commercial transaction involving the first party to
9   guarantee the performance of the first party following closing of
10   the online commercial transaction.

11 *buySAFE* at 1351 & 1352. As support for its conclusion that the subject

12 matter of the claim at issue in *buySAFE* was directed to an abstract idea, our

13 reviewing court reasoned that:

14   The claims in [*buySAFE*] do not push or even test the boundaries
15   of the Supreme Court precedents under section 101. The claims
16   are squarely about creating a contractual relationship—a
17   "transaction performance guaranty"—that is beyond question of
18   ancient lineage. . . . The dependent claims' narrowing to
19   particular types of such relationships, themselves familiar, does
20   not change the analysis. This kind of narrowing of such long-
21   familiar commercial transactions does not make the idea non-
22   abstract for section 101 purposes.

23 *buySAFE* at 1354 & 1355.

24   The method of appealed claim 1 is similarly directed to creating well-

25 established types of contractual relationships, namely, online commercial

26 transactions. It is true that the method of appealed claim 1 directly

27 facilitates entry into an online commercial transaction by defining an

28 instrument type, as well as at least one individual term, of a transaction

29 agreement memorializing the transaction. (*See generally* Spec. 1, l. 6 − 2, l.

30 23). The method of the claim at issue in *buySAFE* indirectly facilitated entry

31 into a transaction by assisting a first party in securing a transaction

32 performance guaranty that would lower the first party's risk. Nevertheless,

1   both methods share the feature identified as salient in the court's reasoning.

2   That is, both methods are directed to abstract ideas because both are directed

3   at least in general terms, to creating an abstract entity, namely, a contractual

4   relationship.

5   In particular, the Appellants argue that:

6   Claim 1 recites a specific process that uses specific data in a
7   manner never done before to (among other things) use a covered
8   products matrix, an agreement type, an agreement term, and
9   additional party-counter party agreement information to generate
10   a transaction agreement document. . . . [T]hese types of
11   operations represent a modern technology that is necessarily
12   dependent on computer systems and an idea that did not exist
13   before the time of computers.

14   (App. Br. 12; *see also* "Appellant's Reply Brief under 37 C.F.R. § 41.41,"

15   dated July 19, 2016 ("Reply Br."), at 3). The argument is not persuasive.

16   The Appellants have not identified the "specific data" with sufficient

17   specificity to justify concluding that the recited method uses such data in a

18   "manner never done before." "Agreement type," "agreement term" and

19   "additional party-counter party agreement" are types of information

20   conventionally used by attorneys or agents to generate transaction

21   instruments. In the Prior Board Decision, we interpreted the term "covered

22   products matrix" as being sufficiently broad to encompass "a rule [that]

23   associates one or more items of information with each product type of a list

24   containing one or more product types covered by a transaction agreement."

25   (Prior Board Decision 7 & 8). The Specification describes a "covered

26   products matrix" as "any stored indication of transaction instruments (*e.g.*,

27   swaps, options, and forwards) and product types (*e.g.*, stocks, bonds, and

28   credit derivatives) in connection with a particular agreement." (Spec. 27, ll.

6

1   22–26). Either way, a "covered products matrix" is a means for organizing

2   information, not a type of information.

3   Furthermore, the steps recited in claim 1 are recited with a high

4   degree of generality. Although claim 1 recites steps that might be

5   implemented on a processor, we are not persuaded that claim 1 recites a

6   "modern technology that is necessarily dependent on computer systems."

7   (App. Br. 12).

8   The second step in the analysis of claim 1 is whether the claim recites

9   an "inventive concept," such that the claim as a whole recites a specific

10   application of the patent-ineligible concept. "In addressing the first step of

11   the section 101 inquiry, as applied to a computer-implemented invention, it

12   is often helpful to ask whether the claims are directed to 'an improvement in

13   the functioning of a computer,' or merely 'adding conventional computer

14   components to well-known business practices.'" *Affinity Labs of Texas,*

15   *LLC v. Amazon.com Inc.,* 838 F.3d 1266, 1270 (Fed. Cir. 2016) (quoting

16   *Enfish, LLC v. Microsoft Corp.,* 822 F.3d 1327, 1338 (Fed. Cir. 2016)). We

17   agree with the Examiner that claim 1 does not recite an "inventive concept"

18   because it "amounts to mere instructions to implement the abstract idea [of

19   definition of a transaction agreement associated with a plurality of different

20   product types] on a computer." (Ans. 7).

21   Considering the method recited in claim 1 from a relatively broad

22   perspective, the claimed subject matter is intended to address problems with

23   automating agreements defining potentially dynamic relationships between

24   the parties; and providing flexibility to automatically generated agreements.

25   (*See* Spec. 2, ll. 1–23). These teachings indicate that claim 1, as a whole, is

26   intended to address problems relating to abstract entities, namely,

1 agreements generated automatically by computers, rather than technological

2 problems specific to computer hardware or software.

3   This indication is reinforced by a limitation-by-limitation analysis of

4 claim 1. The body of claim 1 recites the step of "receiving information

5 regarding a proposed transaction agreement between a party and a counter-

6 party." This is a conventional data-gathering step, recited at a high level of

7 generality.

8   Claim 1 also recites:

9   access[ing] data included in a covered products matrix
10 associated with the proposed transaction agreement, wherein the
11 covered product matrix identifies at least one product type and at
12 least one financial transaction instrument associated with the
13 proposed transaction agreement, and additional party-counter
14 party information;

15   determining via a processor an agreement type based at
16 least on characteristics of the identified product type and the
17 financial transaction instrument in the covered product matrix;
18 [and]

19   determining, in accordance with the agreement type, an
20 agreement term between the party and the counter-party.

21   As stated earlier, we interpreted the term "covered products matrix" in

22 the prior Board Decision as being sufficiently broad to encompass "a rule

23 [that] associates one or more items of information with each product type of

24 a list containing one or more product types covered by a transaction

25 agreement." (Prior Board Decision 7 & 8). The Specification describes a

26 "covered products matrix" as "any stored indication of transaction

27 instruments (e.g., swaps, options, and forwards) in connection with a

28 particular agreement." (Spec. 27, ll. 22–26). Indeed, Figures 15 and 16 of

29 the underlying application depict covered products matrices by means of

8

1   tables relating financial transaction instruments to product types. (*See* Spec.

2   6, ll. 9–12). Claim 1 includes similar language, reciting that "the covered

3   product matrix identifies at least one product type and at least one financial

4   transaction instrument associated with the proposed transaction agreement,

5   and additional party-counter party information."

6   These definitions and descriptions do not suggest that a "covered

7   products matrix" is a data structure that "greatly facilitate[s] data

8   management by data processing systems," or that has been shown not to be

9   accessible "other than through sophisticated software systems," as was

10   structure recited in the claim rejected for obviousness in *Re Lowry*, 32 F.3d

11   1579, 1583 (Fed. Cir. 1994). The Specification itself asserts that "the stored

12   information does not necessarily need to be in the form of a matrix or array"

13   (Spec. 27, l. 26 – 28, l. 2), without further describing how the information in

14   the "covered product matrix" might be stored in computer memory.

15   Claim 1 recites the step of "determining via a processor an agreement

16   type based at least on characteristics of the identified product type and the

17   financial transaction instrument in the covered product matrix." The

18   Specification teaches that "an agreement type is automatically determined

19   based on the plurality of product types (or instruments) and a 'covered

20   products matrix.'" (Spec. 27, ll. 22 & 23). The Specification further teaches

21   that the agreement type:

22   may be associated with, for example, a set of rights between the
23   party and the counter-party, a legal contract, a product type, a
24   monetary amount, and/or a transaction instrument. According to
25   one embodiment, the agreement type comprises a document type
26   name (*e.g.*, an ISDA® master agreement type) and one or more
27   document type facts (*e.g.*, further characterizing the document
28   type).

1   (Spec. 28, ll. 3–8).

2   The Specification teaches that the step of "determining, in accordance

3   with the agreement type, an agreement term between a party and a counter-

4   party" may be performed by selecting a pre-stored default transaction term

5   (*see* Spec. 28, l. 21 – 29, l. 5; & *id.* at 29, ll. 23–25); by selecting a term

6   based on information received from a user (*see* Spec. 29, ll. 25–27); or by

7   selecting a term based on information received from a satellite system (*see*

8   Spec. 30, ll. 1–2). Such satellite systems might include business systems,

9   legal systems, compliance systems, credit systems, treasury systems or

10   operation systems. (*See* Spec. 30, ll. 2–4).

11   After reviewing the Specification, and, in particular, pages 32–40 of

12   the Specification, we are persuaded that the Appellants have done nothing

13   more in these steps than "[add] conventional computer components to well-

14   known business practices.'" *Affinity Labs of Texas*, 838 F.3d at 1270. The

15   Specification does not describe any modification to conventional computer

16   hardware required to perform these steps or any improvement to the

17   efficiency or operation of the computer used to perform the method.

18   Furthermore, the description of these steps in the Specification does not

19   suggest that the "covered products matrix" recited in claim 1 either

20   facilitates data management within a computer; or requires sophisticated

21   software systems to access.

22   The remaining step recited in claim 1, namely, "generating a

23   transaction agreement document based on the determined agreement type

24   and the determined agreement term," merely applies the abstract idea.

25   Considering claim 1 as a whole, it fails to recite an "inventive

26   concept," such that the claim as a whole recites a specific application of the

1   patent-ineligible concept. We sustain the rejection of claims 1–8, 13, 16, 18

2   and 37–45 under 35 U.S.C. § 101 as being directed to ineligible subject

3   matter.

4

5   *Claim 9*

6   Claim 9 recites:

7   9.   The method of claim 1, wherein said determining an
8   agreement type comprises:
9   determining a general document type; and
10   determining a refinement to the general document type.

11 Claim 9, like claim 1, from which claim 9 depends, is directed to the abstract

12 idea of creating an abstract entity, namely, a contractual relationship. The

13 limitations of claim 1 and claim 9, considered as a whole, fail to recite a

14 specific application of the patent-ineligible concept.

15   The Appellants argue, in a conclusory manner, that the "operations

16 recited in Claims 1 and 9 combine to create an ordered combination that is

17 not well-understood, routine, or conventional and that is not previously

18 known in the industry." (App. Br. 20). The sole mention of "refinement" of

19 a document type appears on page 14 of the Specification:

20   According to one embodiment, documents 604 may be
21   categorized according to a single document type name and any
22   number of document type facts that further refine the documents
23   classification. By way of example, the document type name may
24   indicate a basic category of agreement types (*e.g.*, a financial
25   instrument swap agreement or an over-the-counter financial
26   instrument agreement) and the document type fact (or facts) may
27   further categorize a document's relationship to an agreement
28   (*e.g.*, a credit support annex or an amendment to an existing
29   agreement 602).

1   (Spec. 14, ll. 17–23). Nothing in this passage suggests that the steps of

2   "determining a general document type; and determining a refinement to the

3   general document type" refer to an improvement in the functioning of a

4   computer, as opposed to steps taken to improve the accuracy with which the

5   agreement is defined. *See Affinity Labs of Texas*, 838 F.3d at 1270; *see also*

6   *OIP Techs., Inc. v. Amazon.com, Inc.*, 788 F.3d 1359, 1363 (Fed. Cir. 2015)

7   ("But relying on a computer to perform routine tasks more quickly or more

8   accurately is insufficient to render a claim patent eligible."). We sustain the

9   rejection of claim 9 under 35 U.S.C. § 101 as being directed to ineligible

10   subject matter.

11

12   *Claims 10–12*

13   Claims 10–12 recite:

14   10.   The method of claim 1, wherein said automatically
15   determining the agreement term comprises:
16   defining the agreement term based on a pre-stored default
17   transaction term.

18   11.   The method of claim 1, wherein said automatically
19   determining the agreement term comprises:
20   defining the agreement term based on information
21   received from a user of an agreement modeling system.

22   12.   The method of claim 1, wherein said automatically
23   determining the agreement term comprises:
24   defining the agreement term based on information
25   received from a satellite system.

26   The subject matter of these claims has already been taken into account in the

27   analysis of claim 1. We sustain the rejection of claims 10–12 under § 101 as

28   being directed to ineligible subject matter.

1   *Claim 15*

2   Claim 15 recites:

3   15.   The method of claim 1, wherein said automatically
4   determining the agreement term comprises:
5   automatically determining the agreement term based on
6   the plurality of product types.

7   Claim 15, like claim 1, from which claim 15 depends, is directed to the

8   abstract idea of creating an abstract entity, namely, a contractual

9   relationship. The limitations of claim 1 and claim 15, considered as a whole,

10   fail to recite a specific application of the patent-ineligible concept.

11   The Appellants argue, once again in a conclusory manner, that the

12   "operations recited in Claims 1 and 15 combine to create an ordered

13   combination that is not well-understood, routine, or conventional and that is

14   not previously known to the industry." (App. Br. 23). The Specification

15   merely teaches that:

16   an agreement term between the party and the counter-party is
17   determined in accordance with the agreement type. . . . In
18   general, the agreement term may be associated with, for example,
19   a right between the party and the counter-party, a legal contract
20   term, a product type, a monetary amount, and/or a transaction
21   instrument.

22   (Spec. 28, ll. 21–27). Nothing in this passage suggests that the steps of

23   "automatically determining the agreement term based on the plurality of

24   product types" refer to an improvement in the functioning of a computer, as

25   opposed to using conventional computer components to define well-known

26   types of agreements. *See Affinity Labs of Texas*, 838 F.3d at 1270. Claim 15

27   does not even recite any specific computer components or processes used in

28   determining the recited agreement term. We sustain the rejection of claim

29   15 under 35 U.S.C. § 101 as being directed to ineligible subject matter.

1   DECISION

2   We AFFIRM the Examiner's decision rejecting claims 1–13, 15, 16,

3   18 and 37–45.

4   No time period for taking any subsequent action in connection with

5   this appeal may be extended under 37 C.F.R. § 1.136(a). *See* 37 C.F.R.

6   § 1.136(a).

7

8   <u>AFFIRMED</u>